

Rhode Islanders for Social and Economic Security

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Rhode Islanders for Social and Economic Security Urge Senators Reed and Chafee to Firmly Oppose Estate Tax Reduction

RISES Releases Study by the Emergency Campaign for America's Priorities on Impact of Reduction Proposal on Rhode Island and the Nation

PROVIDENCE – Senators Jack Reed and Lincoln Chafee should oppose any proposals to drastically reduce the estate tax, Rhode Islanders for Social and Economic Security said today in a press conference at Amos House, a social service organization which provides direct services to homeless and other poor Rhode Islanders. The Senate is expected to vote on a proposal to drastically reduce the Estate tax, which would only benefit the estates of multimillionaires, as soon as next month. Senators Reed and Chafee both voted against a proposal to fully repeal the Estate Tax last month, and the failure of that proposal has prompted some in Congress to work towards a significant reduction in the tax rather than full repeal.

“The programs that revenue from the estate tax helps to fund aim to make the American dream possible for everyone,” said **Eileen Hayes**, Director of Amos House. “They guarantee the promise of equal opportunity we make to all our children, every one of whom deserves a quality public education, access to health care, and the basic needs of food, shelter and safety. Cutting funding for these basic needs to pay for massive tax breaks for multimillionaires breaks the promise of the American dream.”

RISES also released a study today by the Emergency Campaign for America's Priorities (ECAP) about the impact a drastic reduction in the estate tax would have on Rhode Island and the nation.

Repealing the estate tax would deprive our country of \$1 trillion in revenue over 10 years. A proposal before the Senate by House Ways and Means Committee Chairman Bill Thomas (R-Calif.) would cost almost as much. For the states, the losses would be devastating. Head Start, Medicaid, and education funding would be drastically reduced in Rhode Island if the estate tax is repealed or reduced along the lines of the Thomas proposal. The ECAP report shows that only 165 Rhode Islanders paid any estate tax in 2003, and that the revenue lost by a reduction of the tax would be enough to provide health care to the states 12,000 uninsured children, food to the 18,745 households that experience hunger every year, and access to college for the more than 1,000 qualified Rhode Island high school students who do not attend college annual due to cost.

Eileen Hayes also noted that reduction of the estate tax would have a major impact on charitable organizations such as her own by taking away a major incentive for charitable giving. A 2004 Congressional Budget Office study found that if the Estate Tax repeal had taken effect in 2000, charitable giving would have been reduced by \$13 to \$25 billion that year.

(more)

Dick Silverman, a retired businessman, spoke on the “fiscal irresponsibility” of the proposals to drastically reduce the estate tax. Silverman noted that currently, the net national debt stands at \$4.8 trillion, and that net interest payments on the debt alone are expected to reach \$313 billion in 2010.

“It is shameful that our national government is not focused on assuring all people have health care, shoring up social security and investing in education so our young people can look forward to a secure future,” Silverman said.

“Increasing the deficit by cutting the estate tax will make it that much harder to fulfill these basic functions of a compassionate community, the kind of community I want to be a part of.”

“The estate tax is the most progressive way to raise the revenue our nation desperately needs to meet its many commitments,” said **Linda Katz**, Policy Director of the Poverty Institute at Rhode Island College. “Given that a substantial proportion of the assets of multi-million dollar estates have never been taxed before, the estate tax ensures the fairness in our tax system by guaranteeing that everyone pays their fair share.”

Eighteen families worth almost \$200 billion, including the Walton family, founders of Wal-Mart, have mounted a relentless, decades-long campaign to repeal or drastically reduce the estate tax. Repeal or a drastic reduction of the tax, which is currently paid by only one in every 370 cases, would give multimillion dollar tax handouts to the wealthy while pushing a greater share of taxes onto middle class families and forcing cuts to vital public services.

“The stakes are just so high for our future,” Katz said. “We are proud that our Senators voted against repeal of the estate tax and we are here today to thank them and to let them know that Rhode Islanders will stand behind their votes against the Thomas plan or others proposals that would drastically reduce the estate tax.”

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